

**Congress of the United States**  
**Washington, DC 20515**

May 6, 2002

The Honorable William Thomas  
Chairman, House Ways and Means Committee  
2208 Rayburn HOB  
Washington, D.C. 20515

The Honorable Charles Rangel  
Ranking Member,  
House Ways and Means Committee  
2354 Rayburn HOB  
Washington, D.C. 20515

Dear Chairman Thomas and Ranking Member Rangel:

As members of the Congressional Wine Caucus, we respectfully request that you include repeal of the Special Occupational Tax (SOT), H.R. 984, in appropriate tax relief legislation reported out of Committee this year.

As you know, the SOT is a tax whose time has come and gone. This tax unfairly penalizes hundreds of thousands of small businesses across the country. Repealing the SOT will significantly help bowling centers in Pennsylvania, wineries in California, neighborhood taverns in New York, Elks lodges in Illinois, convenience stores in Arizona, grocery stores in Michigan, and countless other American businesses. Even florists who deliver wine with their flowers are required to pay this tax. The tax is unfair, and it impacts every district in every state of the nation.

The SOT unfairly hurts small retail business -- many times making them pay more than producers and distillers. Retailers of alcoholic beverages must annually pay \$250 per location, wholesalers pay \$500 per location and producers pay \$1,000 per location. Therefore, a chain of five neighborhood food stores pays more than the nation's largest single site brewery or distillery plant.

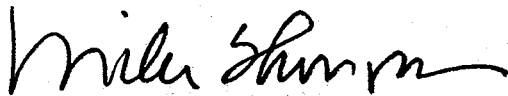
With the slow down of the economy, small businesses in particular feel the onerous tax burden. Repealing the SOT is a reasonable way to give these small businesses the relief they need. Additionally, repealing the SOT will remove the enforcement burden currently placed on the Bureau of Alcohol, Tobacco and Firearms, which costs \$2 million per year.

This issue is truly bipartisan. H.R. 984, which was introduced by Reps. Dave Camp and Robert Matsui, currently has 48 cosponsors (19 of whom are Ways and Means Committee members). In April 2001, the Joint Committee on Taxation called for the SOT's elimination, noting that the taxes retailers pay are not used directly to offset the cost of regulating the alcohol industry and that the tax represents a potential source of innocent noncompliance by taxpayers.

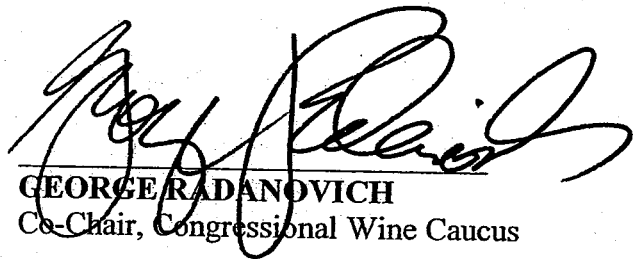
According to the Joint Committee on Taxation, repealing the SOT would cost \$694 million over 10 years. We believe that this is a relatively small amount compared to the enormous economic boost it will provide to small businesses.

The SOT unfairly impacts small retailers, wholesalers, and producers. It is time to end this unnecessary burden. For these reasons, we respectfully request that you include the language to repeal the SOT in an appropriate tax vehicle that moves out of Committee this year. Thank you for your consideration of this important request.

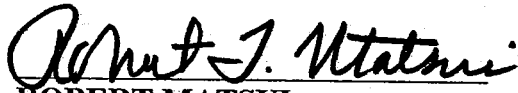
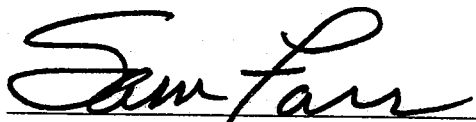

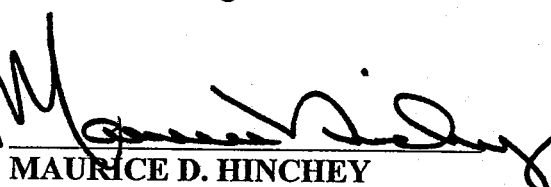
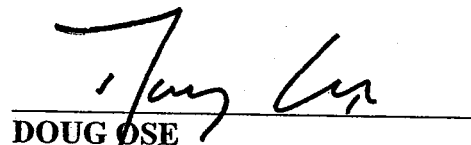
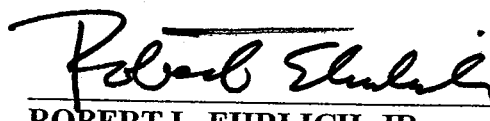
Sincerely,

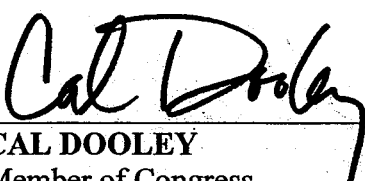


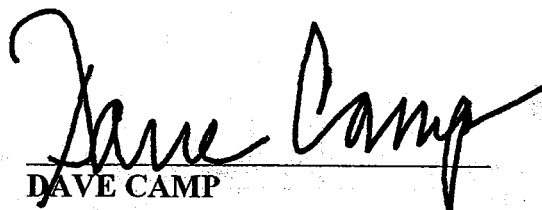
**MIKE THOMPSON**  
Co-Chair, Congressional Wine Caucus

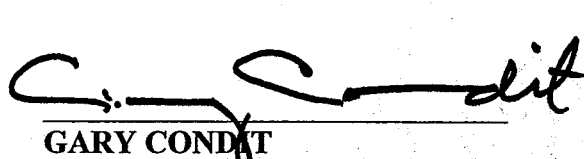


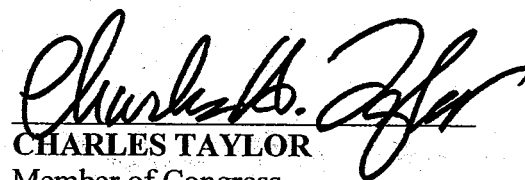
**GEORGE RADANOVICH**  
Co-Chair, Congressional Wine Caucus

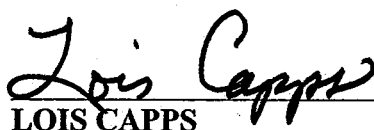
  
**ROBERT MATSUI**  
Member of Congress  
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Member of Congress  
**SAM FARR**  
Member of Congress  
**PHIL ENGLISH**  
Member of Congress  
**MAURICE D. HINCHEY**  
Member of Congress  
**DOUG OSE**  
Member of Congress  
**BART GORDON**  
Member of Congress  
**ROBERT L. EHRLICH, JR.**  
Member of Congress


  
CAL DOOLEY  
Member of Congress


  
DAVE CAMP  
Member of Congress

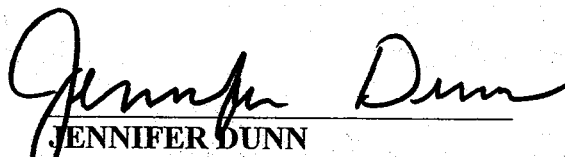
  
GARY CONDIT  
Member of Congress

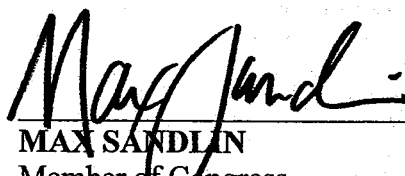
  
CHARLES TAYLOR  
Member of Congress

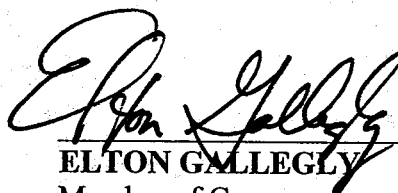
  
LOIS CAPPS  
Member of Congress

  
C.L. "BUTCH" OTTER  
Member of Congress

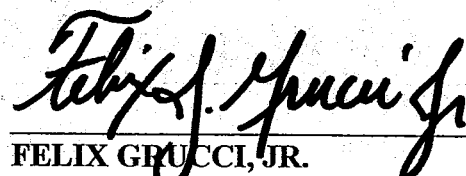
  
ZOE LOFGREN  
Member of Congress

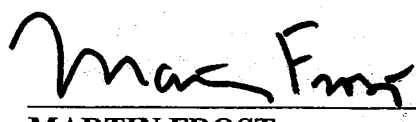
  
JENNIFER DUNN  
Member of Congress


  
MAX SANDLIN  
Member of Congress


  
ELTON GALLEGLY  
Member of Congress

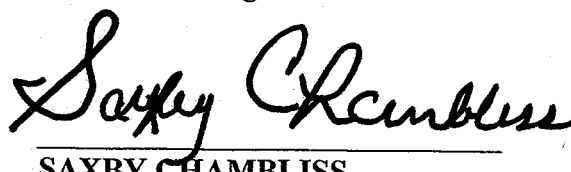
  
NEIL ABERCROMBIE  
Member of Congress

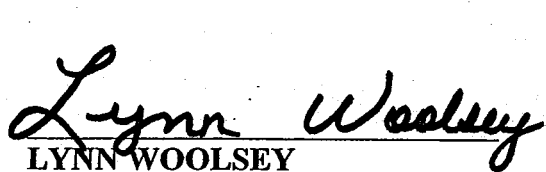
  
FELIX GRUCCI, JR.  
Member of Congress

  
MARTIN FROST  
Member of Congress

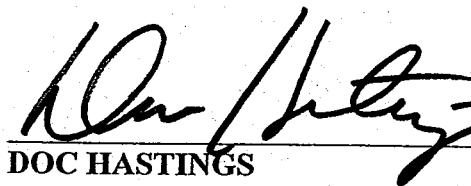
  
STEPHEN HORN  
Member of Congress

  
ROBERT "BUD" CRAMER  
Member of Congress

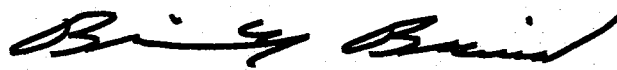
  
SAXBY CHAMBLISS  
Member of Congress



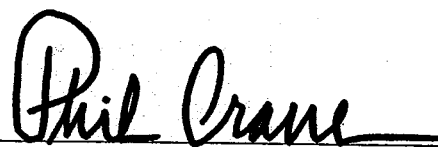
LYNN WOOLSEY  
Member of Congress



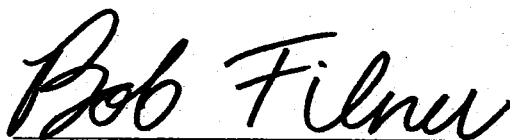
DOC HASTINGS  
Member of Congress



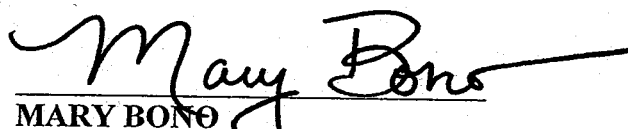
BRIAN BAIRD  
Member of Congress



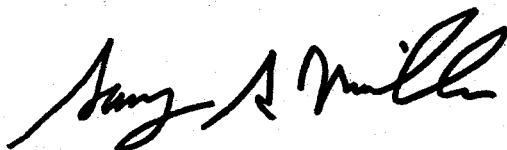
PHILIP CRANE  
Member of Congress



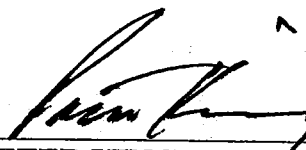
ROBERT FILNER  
Member of Congress



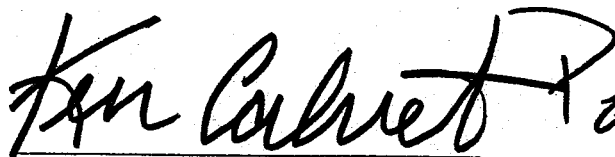
MARY BONO  
Member of Congress



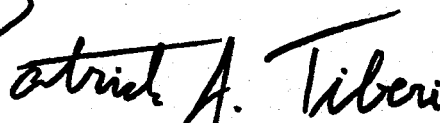
GARY MILLER  
Member of Congress



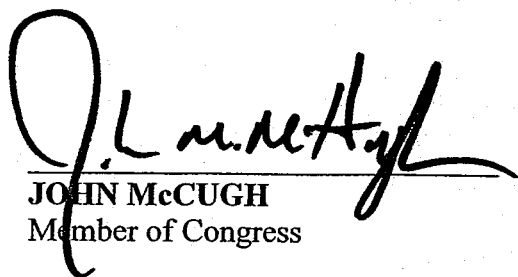
PETER KING  
Member of Congress



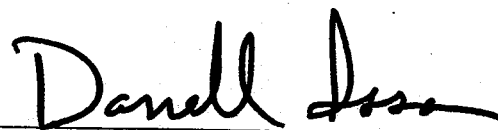
KEN CALVERT  
Member of Congress



PATRICK TIBERI  
Member of Congress



JOHN McCUGH  
Member of Congress



DARRELL ISSA  
Member of Congress